

VZCZCXYZ0012
PP RUEHWEB

DE RUEHEG #2341 3560828
ZNR UUUUU ZZH
P 220828Z DEC 09
FM AMEMBASSY CAIRO
TO RUEHC/SECSTATE WASHDC PRIORITY 4513
INFO RUEAIIA/CIA WASHINGTON DC PRIORITY
RHEFDIA/DIA WASHINGTON DC PRIORITY
RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY
RUCNFB/FBI WASHINGTON DC PRIORITY

UNCLAS CAIRO 002341

SENSITIVE
SIPDIS

PM/DTCC - BLUE LANTERN

E.O. 12958: N/A

TAGS: PREL ETTC MASS EG

SUBJECT: BLUE LANTERN: POST-SHIPMENT END-USE CHECK ON
LICENSES 050073373 AND 050120640

REF: STATE 119552

¶1. (SBU) In response to reftel request, Pol Off met with Mohamed Fathallah of the Fathallah Arms Company at his Cairo retail store on December 16. Fathallah confirmed that he received all of the weapons listed on the licenses 050073373 and 050120640 from RSR Group of Winterpark, Florida. Fathallah did not have the sales records available during the meeting, but he subsequently provided the names of the buyers for all the weapons sold (approximately 25 percent of the total shipment). According to the list he provided, the weapon bearing serial number BJM3308 was sold to a Colonel Ahmed Saleh el Sayed Ahmed. Fathallah promised to provide copies of the monthly reports he sends to the Ministry of Interior, which lists the details of each sale.

¶2. (SBU) Fathallah said that he imports between \$100,000 and \$120,000 worth of U.S. weapons every year. His only U.S. supplier is the RSR Group. He only sells weapons to individuals that have a valid weapons license issued by the Ministry of Interior and does not sell weapons outside of Egypt. Fathallah does sell weapons to other dealers, but could not say if those dealers have clients outside Egypt. Fathallah operates two retail stores in Alexandria and Cairo.

The Alexandria store has been operated by the Fathallah family for over 100 years.

¶3. (SBU) He said he was familiar with U.S. restrictions on the re-export of weapons, noting that U.S. and Italian restrictions were the tightest, while German and Turkish regulations were not as strict. Fathallah said that his profit margin for U.S. manufactured weapons was high. For example, he said he purchases a Smith and Wesson 9V gun from the U.S. dealer for \$600, then sells it in Egypt for \$4000, which includes a 40 percent import tax and a 10 percent sales tax. He said he does not order a larger quantity of U.S. weapons because the process from ordering to delivery can take up to one year.

¶4. (SBU) Post will continue to follow up with Mr. Fathallah and provide details of each weapon sold once received.
Scobey